

5.5 Resourcing of economic regulators

Economic regulators play an important role in the achievement of social, economic and environmental goals in utility sectors. Their work helps ensure the efficient delivery of essential services such as energy, e-communications, transport and water. They bring stability, predictability and confidence to markets that are constantly evolving, and occupy a unique position among consumers, operators and government. Often set up as independent bodies, their governance is extremely important, including their resourcing. Staff and budget arrangements can make or break economic regulators' performance and affect their autonomy, agility, accountability, transparency, ability and capacity.

Economic regulators rely on the expertise and skills of their staff to provide evidence-based analyses to underpin their regulatory decisions. They need to recruit the right staff to respond to changing expectations and roles, as digital and energy transitions and crises transform utility sectors. However, in practice, economic regulators may face constraints on their ability to recruit staff autonomously (OECD, 2022). Seven out of the 16 economic regulators surveyed in Latin America and Caribbean (LAC) countries (44%) need to obtain approval from a ministerial body prior to hiring (Figure 5.12). This could potentially complicate their work, especially if such requirements prevent a regulator from hiring the staff numbers required to fulfil all functions or if they make it more difficult to fill positions in a timely way.

Predictable funding allows economic regulators to plan ahead and safeguard their independence. The budget appropriation process is one place where undue influence may be present. Secure multi-year funding arrangements can contribute to the independence of a regulator by protecting it from politically-motivated budget cuts in reaction to unpopular decisions (OECD, 2014). For most economic regulators, changes to their budget after initial approval are not allowed or require approval from the legislature. Among OECD countries, the executive can make such changes under certain circumstances without oversight by the legislature for only 23% of the surveyed regulators. The share is higher in LAC countries, where 6 out of the 15 surveyed regulators (40%) face potential changes to their approved budget without the approval from the legislature (Figure 5.13). Insufficient checks and balances on changes to the economic regulator's budget could threaten the sufficiency of funding and thereby reduce the regulator's capacity.

Transparency over the allocation and use of public resources can empower society to hold public bodies to account. Such information can increase confidence that funds are being spent in the right way to deliver value for money. LAC countries frequently show good practice, supporting accountability by explaining decisions about economic regulators' budgets. For 12 out of the 15 surveyed economic regulators in LAC countries

(80%), the public body that sets the regulator's budget explains the decision on the budget allocation. This is the case for only 62% of regulators in OECD countries (Table 5.2).

Methodology and definitions

The 2021 OECD Survey on the Resourcing Arrangements of Economic Regulators by the Network of Economic Regulators (NER) collected in-depth insights into the funding and management of resources of economic regulators with a mandate in energy, e-communications, transport and water sectors. The survey analyses the resourcing arrangements as of 1 January 2021. The LAC data cover 14 regulatory bodies in 5 countries: Brazil, Colombia, Costa Rica, Mexico and Peru. Regulatory bodies overseeing multiple sectors (so-called "multisector regulators") are included in the data separately for each sector they oversee. OECD averages include data on 48 regulatory bodies in 27 OECD member countries. In general, respondents were high-level officials in regulatory agencies and/or relevant ministries.

The survey included questions on human resources (staff characteristics, contracts and salaries, recruitment, training and career development, and integrity) and financial resources (source of funding, funding procedures, funding through national budget, funding through fees, financial management and audit). Where the survey analyses staff arrangements, these arrangements concern managerial, technical and support staff, apart from members of the board and/or agency head.

Further reading

OECD (2022), *Equipping Agile and Autonomous Regulators*, The Governance of Regulators, OECD Publishing, Paris, <https://doi.org/10.1787/7dcb34c8-en>.

OECD (2014), *The Governance of Regulators*, OECD Best Practice Principles for Regulatory Policy, OECD Publishing, Paris, <https://doi.org/10.1787/9789264209015-en>.

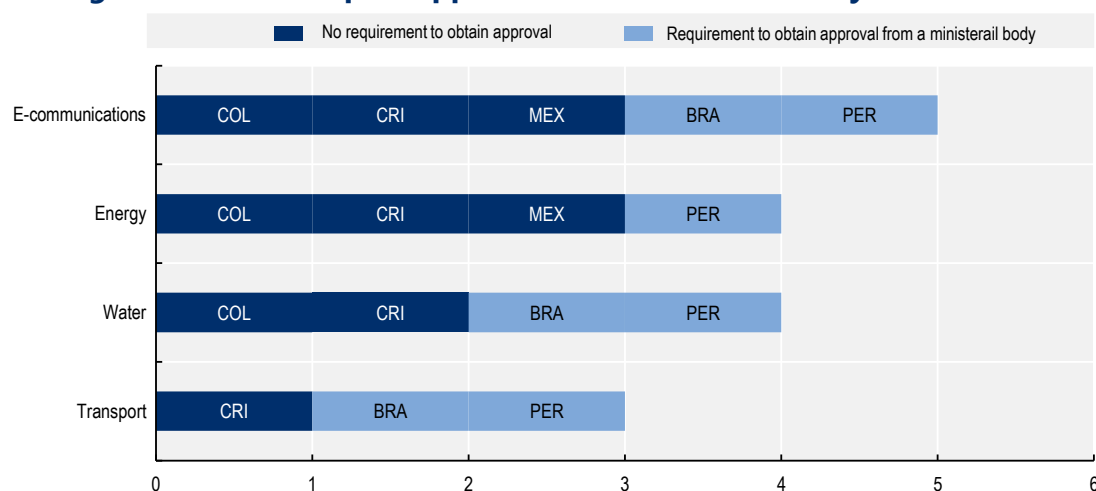
OECD (n.d.), "The OECD Network of Economic Regulators", OECD, Paris, www.oecd.org/gov/regulatory-policy/ner.htm.

Figure notes

Figure 5.12. Elements that need approval can for example include the total agency headcount or the number of new employees to recruit. Regulators are counted separately for each sector they oversee.

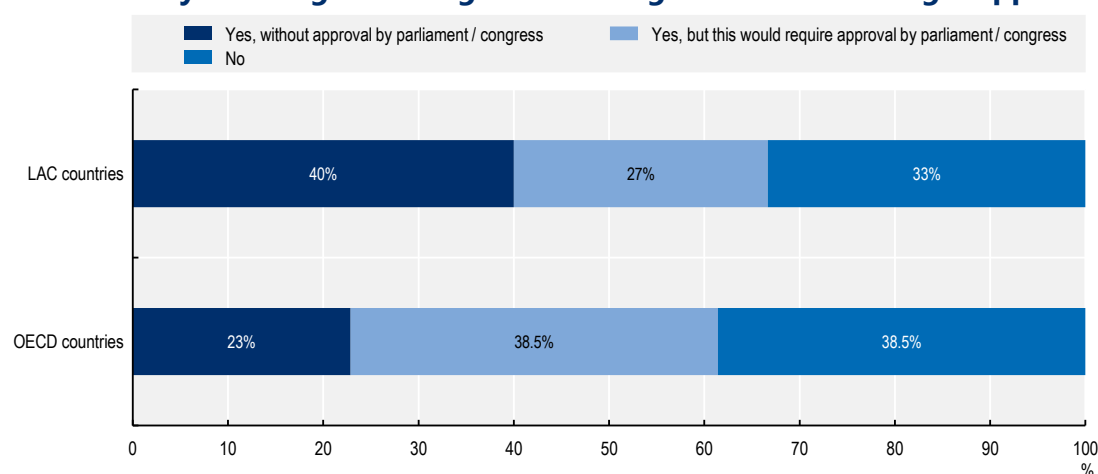
Figure 5.13 and Table 5.2. No information available for these survey questions for Mexico's National Hydrocarbons Commission in the energy sector.

Table 5.2. Empty cells denote no regulator in the dataset. Regulators are counted separately for each sector they oversee.

Figure 5.12. Regulators which require approval from an external body to recruit staff, 2021

Source: 2021 OECD Survey on the Resourcing Arrangements of Economic Regulators.

StatLink <https://stat.link/yn3bve>

Figure 5.13. Possibility of changes to a regulator's budget after initial budget approval, 2021

Source: 2021 OECD Survey on the Resourcing Arrangements of Economic Regulators.

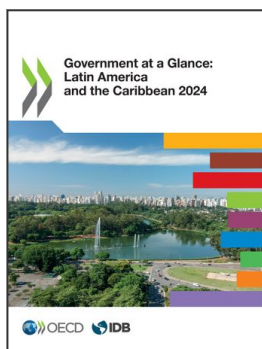
StatLink <https://stat.link/3ygtjw>

Table 5.2. Explanation of budget decisions by the responsible body, 2021

Country	Energy	E-communications	Transport	Water
Brazil		■	■	■
Colombia	■	□		■
Costa Rica	■	■	■	■
Mexico		■		
Peru	■	□	□	■
LAC total				
■ Substantiation in a public document	3	3	2	4
▣ Substantiation in a non-public document	0	0	0	0
□ No substantiation of budget decision	0	2	1	0
OECD total				
■ Substantiation in a public document	15	10	11	7
▣ Substantiation in a non-public document	4	2	3	1
□ No substantiation of budget decision	6	3	3	4

Source: 2021 OECD Survey on the Resourcing Arrangements of Economic Regulators.

StatLink <https://stat.link/m03rzk>



From:

Government at a Glance: Latin America and the Caribbean 2024

Access the complete publication at:

<https://doi.org/10.1787/4abdba16-en>

Please cite this chapter as:

OECD (2024), "Resourcing of economic regulators", in *Government at a Glance: Latin America and the Caribbean 2024*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/08fce119-en>

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area. Extracts from publications may be subject to additional disclaimers, which are set out in the complete version of the publication, available at the link provided.

The use of this work, whether digital or print, is governed by the Terms and Conditions to be found at <http://www.oecd.org/termsandconditions>.